GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:5700
ANSWERED ON:10.05.2012
EXPLORATION OF OIL AND GAS BY PRIVATE COMPANIES
Alagiri Shri S. ;Vasava Shri Mansukhbhai D.

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the blocks in which oil and gas were explored by the Government agencies have been handed over to the private companies for extraction of oil and gas;

(b) if so, the details thereof during the last three years;

(c) the benefit accrued to the Government as a result thereof;

(d) the reasons for handing over these blocks to the private companies; and

(e) the measures being taken by the Government to safeguard its revenue interest?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURALGAS (SHRI R.P.N.SINGH)

(a) and (b) Under the Production Sharing Contract (PSC) regime, 29 discovered fields (5 Medium Sized and 24 Small Size Fields) and 3 exploration blocks (CB-ON/7, CB-OS/2 and CY-OS-90/1), in which oil and gas was explored by National Oil Companies (NOCs), were awarded through International Competitive Bidding (ICB) to Private/Joint Venture (JV) Companies in the Field /Pre-NELP bidding rounds held during the years 1994-95,1998-99 and 2000-2001.

During the last three years, no such field/block where oil/gas was explored by NOCs has been awarded to Private/JV Companies.

(c) As a result of awarding above blocks/fields to Private/JVs, the oil production has increased from 0.255 Million Metric Tonne(MMT) in 1994-95 to 3.242 MMT in 2011-12.and gas production has increased from 0.088 Billion Cubic Meter(BCM) in 1994 -95 to 5.527 BCM in 2011-12.

(d) The reasons for awarding the fields/blocks to Private/JVs were to attract foreign investments, technologies and experience required for proper field developments and maximize exploitation of discovered oil and gas reserves.

(e) The blocks under the New Exploration Licensing Policy (NELP) are offered through International Competitive Bidding Process with equal terms and conditions for NOCs, Private and Foreign Companies. The Bid Evaluation Criteria (BEC) are stipulated in the Notice Inviting Offers (NIO) of different NELP rounds. The salient bid evaluation parameters are as under.

Biddable Work Programme

Fiscal Package

Technical Capability

Each of the above parameters contains specified weightage for onland, shallow water and deepwater blocks. The bidder earning the highest weightage and satisfying other stipulated conditions in NIO is awarded the block. Further, Investment Multiple (IM) also helps government to earn a higher share of profit when windfall profit results from high petroleum prices and/or high production volumes realized due to reservoir surprises.

The Central and the State Government receives Petroleum Exploration License (PEL) fees for blocks awarded under NELP in offshore and onland area respectively. Further, royalty on production of oil/gas is payable by the operator to the State/Central Government for onshore/offshore blocks.